

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: BDIS, EIND, PK

SUBJECT: GOP AND MPEAA DIFFERENCES ON IMPORTATION OF
AMERICAN FILMS

REF: ISLAMABAD 1723

1. AS REQUESTED IN PARAGRAPH 11 OF REFTEL, DEPARTMENT
TOOK UP QUESTION OF MOTION PICTURE EXPORT ASSOCIATION
(MPEAA) - NATIONAL FILM DEVELOPMENT CORPORATION (NAFDEC)
PROBLEMS WITH GEORGE VIETHEER, VICE PRESIDENT OF MPEAA WITH
WHOM DEPARTMENT HAS CLOSE WORKING RELATIONSHIP. ACCORDING
TO VIETHEER AND AS INDICATED IN PARA 11 OF REFTEL, PRIVATE
FILM DISTRIBUTORS IN PAKISTAN HAVE BEEN AT LOGGERHEADS
WITH BUCH OVER QUESTION OF WHICH FILMS MAY BE IMPORTED.
VIETHEER STATED THAT THIS ISSUE, AT LEAST IN PART, MAY
HAVE CAUSED BUCH TO INSIST THAT NAFDEC BE REGARDED AS
SOLE AGENT FOR FILM IMPORTS.

2. AS EMBASSY AWARE, MPEAA INSISTENCE THAT IT BE ALLOWED
TO DEAL DIRECTLY WITH PRIVATE SECTOR IMPORTER/DISTRIBUTORS

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IS BASIC TENET ADHERED TO IN ALL COUNTRIES EXCEPT THOSE

IN WHICH ENTIRE ECONOMY IS STATE CONTROLLED. BASIC FEAR OF DEALING WITH GOVERNMENT IMPORT MONOPOLIES IS THAT HOST GOVERNMENT AGENCY WILL BE ABLE TO DICTATE TERMS TO MPEAA AND PURCHASE FILMS FOR "PEANUTS". VIETHEER INDICATED THAT MPEAA RESENTS BEING SINGLED OUT FOR SUCH "SPECIAL TREAT-

MENT" BY ANY GOVERNMENT. MPEAA ALSO BELIEVES THAT TO GIVE IN ON THIS BASIC PRINCIPLE IN ONE COUNTRY INEVITABLY WILL BRING A RASH OF SIMILAR EFFORTS BY OTHER GOVERNMENTS.

3. MPEAA OBJECTS TO PERCENTAGE OF BOX OFFICE RECEIPTS AS BASIS OF REMUNERATION ON GROUNDS THAT REPORTING OF BOX OFFICE RECEIPTS WOULD BE INACCURATE (PARTICULARLY SINCE WELL KNOWN THAT GOP ITSELF FRUSTRATED BY EVASION OF THEATER-TICKET TAX). ONLY WHERE MPEAA OPERATES ITS OWN IMPORT OFFICE DOES IT CONSIDER SUCH AN ARRANGEMENT SATISFACTORY.

4. ACCORDING TO VIETHEER, DURING A MEETING ABOUT TEN DAYS AGO WITH GOP CONSUL GENERAL IN NEW YORK, THE CONSUL GENERAL STATED THAT HE WOULD RECOMMEND TO GOP THAT MPEAA MEMBER FIRMS BE ALLOWED TO OPEN OWN OFFICES IN PAKISTAN TO HANDLE IMPORTS. VIETHEER STATED THIS WOULD SUIT THE THREE OR FOUR AMERICAN FIRMS IN QUESTION WHICH WOULD MARKET FILMS OF ALL MAJOR U.S. PRODUCERS. THESE FIRMS WOULD REQUIRE GOP ASSURANCE THAT THEY BE PERMITTED TO REMIT PART OF RECEIPTS. MAIN ADVANTAGE TO PAKISTAN WOULD BE THAT IT WOULD NO LONGER BE NECESSARY TO PAY SUBSTANTIAL AMOUNT OF DOLLARS IN ADVANCE WHICH IS REQUIRED UNDER PRESENT FLAT FEE IMPORT ARRANGEMENT. FYI - VIETHEER NOT OVERLY OPTIMISTIC REGARDING GOP ACCEPTANCE OF THIS PERSONAL RECOMMENDATION OF THE CONSUL GENERAL. END FYI.

5. VIETHEER ALSO STATED THAT HE HAD RECEIVED A TELEPHONE CALL WITHIN THE PAST WEEK FROM A DISTRIBUTOR IN RAWALPINDI WHO STATED THAT THE GOP IS BACKING DOWN ON ITS INSISTENCE THAT THE MPEAA DEAL ONLY WITH NAFDEC.

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6. FYI - THE MPEAA HAS SUCCEEDED IN SRI LANKA IN ITS REFUSAL TO DEAL WITH A GOVERNMENT IMPORT AGENCY AND WILL BE PERMITTED TO DEAL DIRECTLY WITH PRIVATE SECTOR IMPORTERS (THEATER CHAINS). END FYI.

7. COMMENT: GOP INTEREST IN IMPORTING EXTENSIVE NUMBER OF AMERICAN FILMS AND GOP DESIRE TO REACH ACCOMMODATION ON IMPORTS WAS EMPHASIZED IN CONVERSATION WITH VIETHEER.

HE, IN TURN, INDICATED THAT MPEAA WILL BE GLAD TO SERVE
THE PAKISTAN MARKET BUT DEFINITELY WILL NOT RPT NOT DEAL
WITH GOVERNMENT IMPORT MONOPOLY. CASEY

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